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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **Western Division**

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 vs.

15 JULIE ANNE DARRAH and VIVID
16 FINANCIAL MANAGEMENT, INC.,

17 Defendants.
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Case No. 2:23-cv-08843-DSF-AGR

**[PROPOSED] FINAL JUDGMENT AS
TO DEFENDANT VIVID FINANCIAL
MANAGEMENT, INC.**

1 The Securities and Exchange Commission having filed a Complaint and
2 Motion for Entry of Default Judgment against Defendant Vivid Financial
3 Management, Inc. (“Defendant”); and the Court having considered the Complaint,
4 Motion, supporting Memorandum of Points and Authorities, supporting declarations
5 and exhibits, and other evidence and arguments presented to the Court:

6 **I.**

7 IT IS ORDERED, ADJUDGED, AND DECREED that Defendant is
8 permanently restrained and enjoined from violating, directly or indirectly, Section
9 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §
10 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5], by using any means
11 or instrumentality of interstate commerce, or of the mails, or of any facility of any
12 national securities exchange, in connection with the purchase or sale of any security:

13 (a) to employ any device, scheme, or artifice to defraud;

14 (b) to make any untrue statement of a material fact, or to omit to state a
15 material fact necessary in order to make the statements made, in the light of the
16 circumstances under which they were made, not misleading; or

17 (c) to engage in any act, practice, or course of business which operates or
18 would operate as a fraud or deceit upon any person

19 by, directly or indirectly, (i) creating a false appearance or otherwise deceiving any
20 person, or (ii) disseminating false or misleading documents, materials, or information
21 or making, either orally or in writing, any false or misleading statement in any
22 communication with any investor or prospective investor, about:

23 (A) any investment strategy or investment in securities,

24 (B) the prospects for success of any product or company,

25 (C) the use of investor funds,

26 (D) compensation to any person,

27 (E) Defendant’s qualifications to advise investors; or

28 (F) the misappropriation of investor funds or investment proceeds.

1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
3 binds the following who receive actual notice of this Final Judgment by personal
4 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
5 attorneys; and (b) other persons in active concert or participation with Defendant or
6 with anyone described in (a).

7 **II.**

8 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
9 Defendant is permanently restrained and enjoined from violating Section 17(a) of the
10 Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale
11 of any security by the use of any means or instruments of transportation or
12 communication in interstate commerce or by use of the mails, directly or indirectly:

13 (a) to employ any device, scheme, or artifice to defraud;
14 (b) to obtain money or property by means of any untrue statement of a
15 material fact or any omission of a material fact necessary in order to make the
16 statements made, in light of the circumstances under which they were made,
17 not misleading; or
18 (c) to engage in any transaction, practice, or course of business which
19 operates or would operate as a fraud or deceit upon the purchaser
20 by, directly or indirectly, (i) creating a false appearance or otherwise deceiving any
21 person, or (ii) disseminating false or misleading documents, materials, or information
22 or making, either orally or in writing, any false or misleading statement in any
23 communication with any investor or prospective investor, about:

24 (A) any investment strategy or investment in securities,

25 (B) the prospects for success of any product or company,

26 (C) the use of investor funds,

27 (D) compensation to any person,

28 (E) Defendant's qualifications to advise investors; or

1 (F) the misappropriation of investor funds or investment proceeds.

2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
3 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
4 binds the following who receive actual notice of this Final Judgment by personal
5 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
6 attorneys; and (b) other persons in active concert or participation with Defendant or
7 with anyone described in (a).

8 **III.**

9 IT IS HEREBY FURTHER ORDERED AND ADJUDGED that Defendant is
10 permanently restrained and enjoined from violating, while acting as an investment
11 adviser, Sections 206(1) and (2) of the Investment Advisers Act of 1940 (the
12 "Advisers Act") [15 U.S.C. § 80b-6(1) and (2)] by using the mails or any means or
13 instrumentality of interstate commerce, directly or indirectly:

14 (a) to employ any device, scheme, or artifice to defraud any client or
15 prospective client; or

16 (b) to engage in any transaction, practice, or course of business which
17 operates as a fraud or deceit upon any client or prospective client

18 by, directly or indirectly, (i) creating a false appearance or otherwise deceiving any
19 client or prospective client, or (ii) disseminating false or misleading documents,
20 materials, or information or making, either orally or in writing, any false or
21 misleading statement in any communication with any client or prospective client,
22 about:

23 (A) any investment strategy or investment in securities,

24 (B) the prospects for success of any product or company,

25 (C) the use of client funds,

26 (D) compensation to any person,

27 (E) Defendant's qualifications to advise clients; or

28 (F) the misappropriation of client funds or investment proceeds.

1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
3 binds the following who receive actual notice of this Final Judgment by personal
4 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
5 attorneys; and (b) other persons in active concert or participation with Defendant or
6 with anyone described in (a).

7 **IV.**

8 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
9 Defendant is permanently restrained and enjoined from violating Section 206(4) of
10 the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-7 promulgated thereunder
11 [17 C.F.R. § 275.206(4)-7], by providing investment advice without adopting and
12 implementing written policies and procedures reasonably designed to prevent
13 violations of the Advisers Act and the rules that the Commission has adopted under
14 the Advisers Act.

15 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
16 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
17 binds the following who receive actual notice of this Order by personal service or
18 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
19 (b) other persons in active concert or participation with Defendant or with anyone
20 described in (a).

21 **V.**

22 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
23 permanently restrained and enjoined from violating Section 207 of the Advisers Act
24 [15 U.S.C. § 80b-7] by making any untrue statement of a material fact in any
25 registration application or report filed with the Commission under Section 203 or 204
26 of the Advisers Act [15 U.S.C. §§ 80b-3 or 80b-4], or willfully omitting to state in
27 any such application or report any material fact which is required to be stated therein.

28 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as

1 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
2 binds the following who receive actual notice of this Order by personal service or
3 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
4 (b) other persons in active concert or participation with Defendant or with anyone
5 described in (a).

6 **VI.**

7 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
8 permanently restrained and enjoined from violating, while acting as an investment
9 adviser, Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-2 [17
10 C.F.R. § 275.206(4)-2] promulgated thereunder, by using any means or
11 instrumentality of interstate commerce, directly or indirectly, to engage in acts,
12 practices, or courses of business which are fraudulent, deceptive, or manipulative by
13 having custody of client funds or securities without:

14 (a) having a reasonable basis, after due inquiry, for believing that the
15 qualified custodian sends account statements at least quarterly to the clients;
16 and

17 (b) ensuring that client funds and securities are verified by actual
18 examinations each year by an independent public accountant at a time chosen
19 by the accountant without prior notice or announcement to the adviser.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
21 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
22 binds the following who receive actual notice of this Judgment by personal service or
23 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
24 (b) other persons in active concert or participation with Defendant or with anyone
25 described in (a).

26 **VII.**

27 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
28 Defendant is jointly and severally liable with co-Defendant Julie Anne Darrah for

1 disgorgement of \$2,005,330, representing net profits gained as a result of the conduct
2 alleged in the Complaint, as well as \$311,511.66 in prejudgment interest. In addition,
3 Defendant is liable for a civil penalty in the amount of \$2,005,330 pursuant to Section
4 20(d) of the Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act,
5 15 U.S.C. § 78u(d)(3), and Section 209(e) of the Advisers Act, 15 U.S.C. § 80b-9(e).
6 Defendant shall satisfy this obligation by paying the total amount for which it is liable
7 to the Securities and Exchange Commission within 30 days after entry of this Final
8 Judgment.

9 Defendant may transmit payment electronically to the Commission, which will
10 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
11 be made directly from a bank account via Pay.gov through the SEC website at
12 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
13 check, bank cashier's check, or United States postal money order payable to the
14 Securities and Exchange Commission, which shall be delivered or mailed to

15 Enterprise Services Center
16 Accounts Receivable Branch
17 6500 South MacArthur Boulevard
18 Oklahoma City, OK 73169

19 and shall be accompanied by a letter identifying the case title, civil action
20 number, and name of this Court; Vivid Financial Management, Inc. as a defendant in
21 this action; and specifying that payment is made pursuant to this Final Judgment.

22 Defendant shall simultaneously transmit photocopies of evidence of payment
23 and case identifying information to the Commission's counsel in this action. By
24 making this payment, Defendant relinquishes all legal and equitable right, title, and
25 interest in such funds and no part of the funds shall be returned to Defendant.

26 The Commission may enforce the Court's judgment for disgorgement and
27 prejudgment interest by using all collection procedures authorized by law, including,
28 but not limited to, moving for civil contempt at any time after 30 days following entry
of this Final Judgment.

1 The Commission may enforce the Court’s judgment for penalties by the use of
2 all collection procedures authorized by law, including the Federal Debt Collection
3 Procedures Act, 28 U.S.C. § 3001 et seq., and moving for civil contempt for the
4 violation of any Court orders issued in this action. Defendant shall pay post
5 judgment interest on any amounts due after 30 days of the entry of this Final
6 Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds,
7 together with any interest and income earned thereon (collectively, the “Fund”),
8 pending further order of the Court.

9 The Commission may propose a plan to distribute the Fund subject to the
10 Court’s approval. Such a plan may provide that the Fund shall be distributed
11 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of
12 2002. The Court shall retain jurisdiction over the administration of any distribution
13 of the Fund and the Fund may only be disbursed pursuant to an Order of the Court.

14 Regardless of whether any such Fair Fund distribution is made, amounts
15 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as
16 penalties paid to the government for all purposes, including all tax purposes. To
17 preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or
18 reduction of any award of compensatory damages in any Related Investor Action
19 based on Defendant’s payment of disgorgement in this action, argue that it is entitled
20 to, nor shall it further benefit by, offset or reduction of such compensatory damages
21 award by the amount of any part of Defendant’s payment of a civil penalty in this
22 action (“Penalty Offset”). If the court in any Related Investor Action grants such a
23 Penalty Offset, Defendant shall, within 30 days after entry of a final order granting
24 the Penalty Offset, notify the Commission’s counsel in this action and pay the amount
25 of the Penalty Offset to the United States Treasury or to a Fair Fund, as the
26 Commission directs. Such a payment shall not be deemed an additional civil penalty
27 and shall not be deemed to change the amount of the civil penalty imposed in this
28 Judgment. For purposes of this paragraph, a “Related Investor Action” means a

1 private damages action brought against Defendant by or on behalf of one or more
2 investors based on substantially the same facts as alleged in the Complaint in this
3 action.

4 **VIII.**

5 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
6 Consent is incorporated herein with the same force and effect as if fully set forth
7 herein, and that Defendant shall comply with all of the undertakings and agreements
8 set forth therein.

9 **IX.**

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
11 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
12 Judgment.

13 **X.**

14 There being no just reason for delay, pursuant to Rule 54(b) of the Federal
15 Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and
16 without further notice.

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18 Dated: _____, 2025

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20 _____
21 HONORABLE DALE S. FISCHER
22 UNITED STATES DISTRICT JUDGE
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